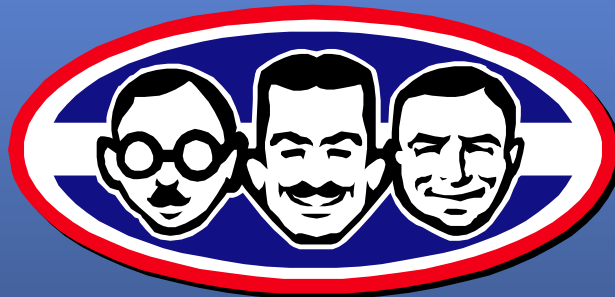
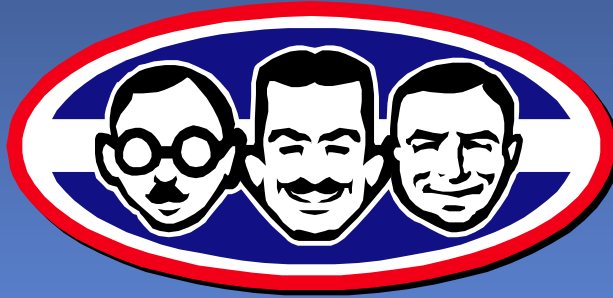




Annual Meeting of Shareholders



June 2007



Remarks

Jeffrey C. Rachor

**President & Chief Executive Officer
The Pep Boys – Manny, Moe & Jack**



Safe Harbor Statement

This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements contained herein other than statements of historical fact are “forward-looking statements” for purposes of these provisions, including any statements of the plans and objectives for future operations and any statement of assumptions underlying an future operations and any statement of assumptions underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of terminology such as “may”, “will”, “expects”, “plans”, “anticipates”, “estimates”, “potential” or “continue”, or the negative thereof or other comparable terminology. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that our assumptions made in connection with the forward-looking statements are reasonable, we cannot assure investors that our assumptions and expectations will prove to have been correct. Actual results could differ materially from our forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Pep Boys – Common Stock Performance



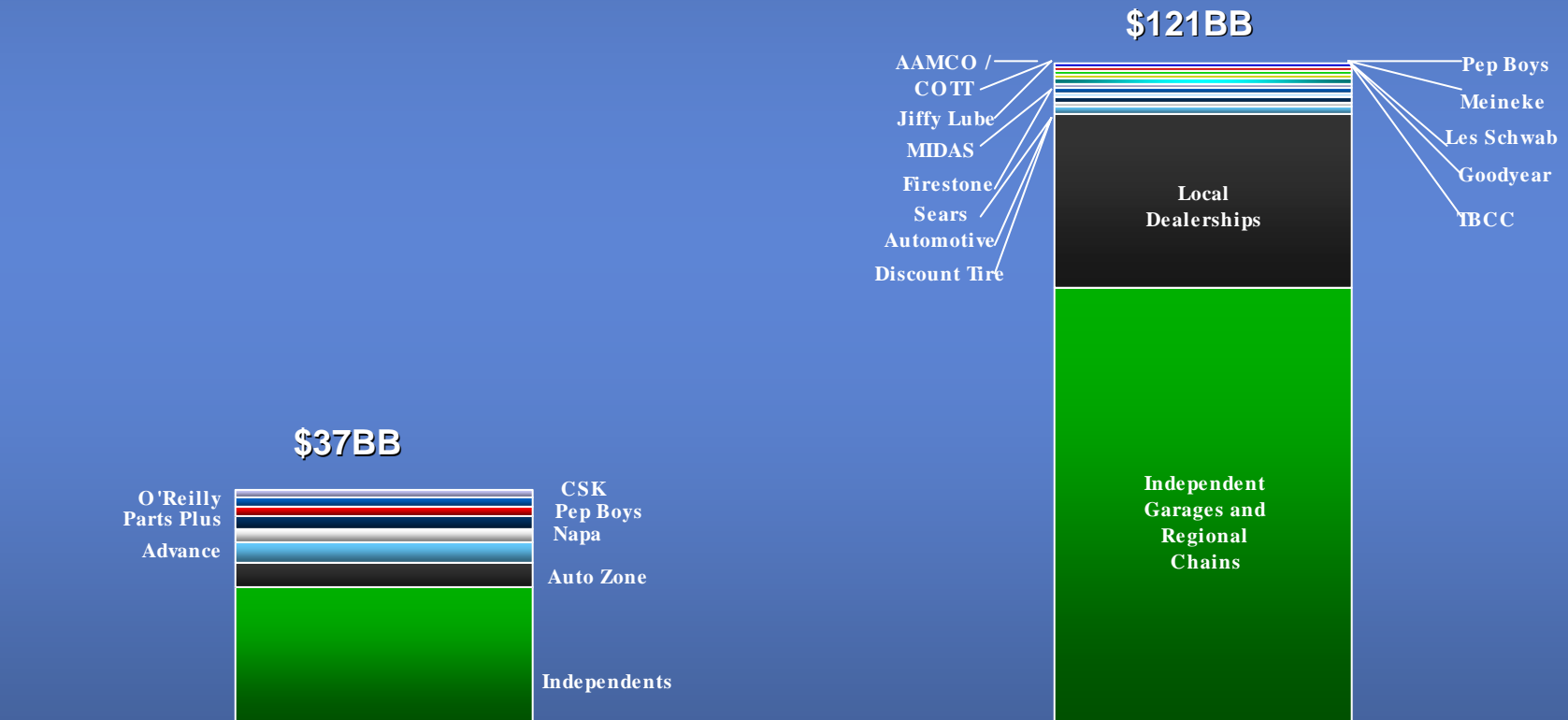
*\$21.32 - Closing price on 6/8/2007



Pep Boys - Aftermarket Industry Competitive Landscape

DIY Market: Relatively fragmented – top five automotive retail chains represent 33% of market

DIFM and Tire Market: Highly fragmented – top five players represent 5% of market



Source: AAIA, public filings, press releases, PBY analysis



Pep Boys Unique Business Model

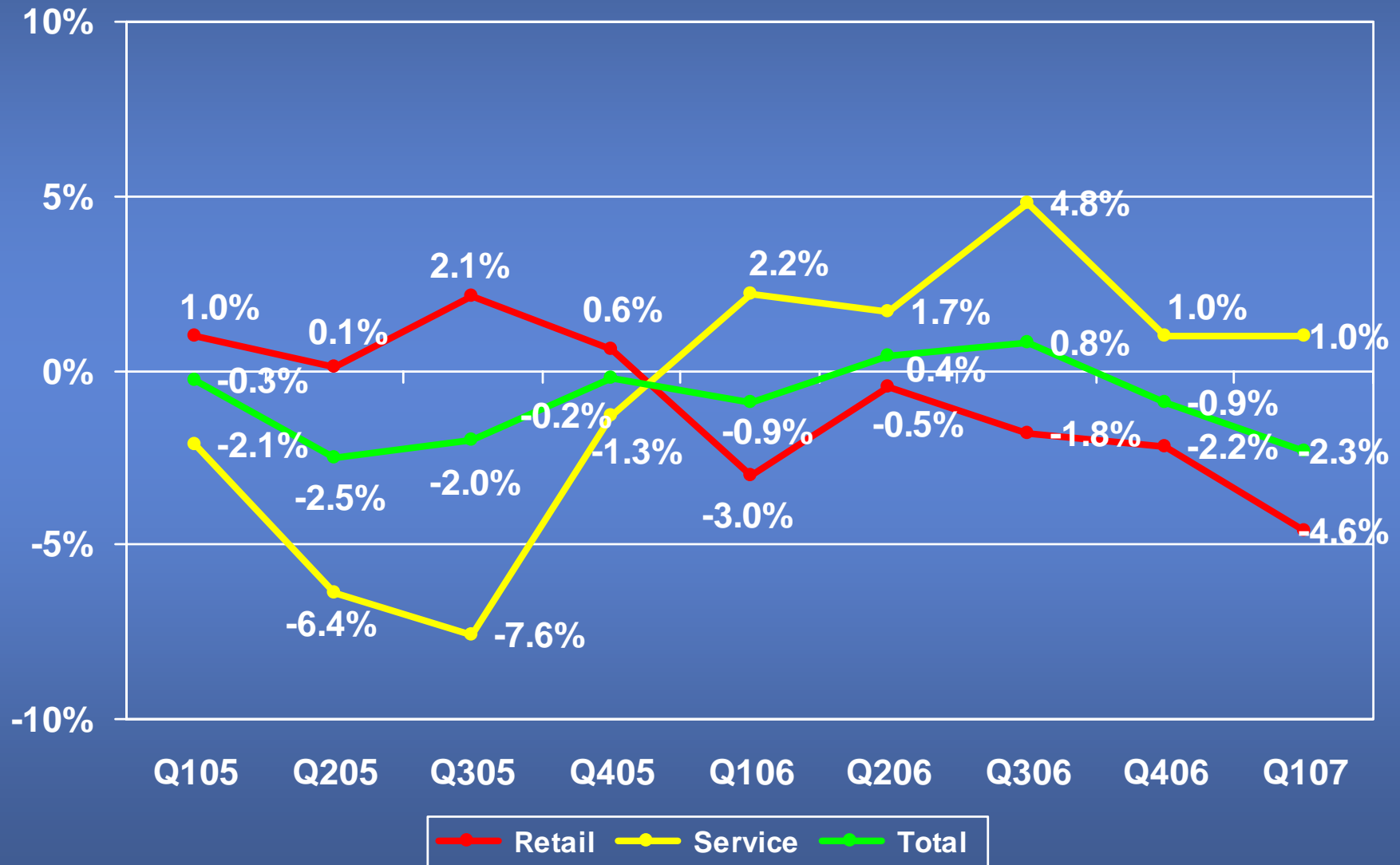
- Only national auto aftermarket chain with both retail and service segments

	<u>Pep Boys</u>	<u>Advance Auto Parts</u>	<u>AutoZone</u>	<u>CSK Auto</u>	<u>O'Reilly</u>	<u>Monro</u>
Revenue Mix						
Avg. Square Footage	20,086	7,500	6,368	7,290	6,700	4,500
# of States	36	38	48	19	18	18
Total Stores	593	2,500+	3,300+	1,100+	1,100+	600+
		Retail			Service	

Source: Public Filings



Pep Boys – Comparable Sales



Retail includes commercial; Service includes installed parts & tires

Pep Boys – Laying the Foundation for Improvement



Pep Boys - Manny, Moe & Jack
(in thousands)

	Retail / Commercial			Service, Installed Parts, and Tires			Total		
	<u>FY 2005</u>	<u>FY 2006</u>	<u>% Chg</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>% Chg</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>% Chg</u>
Sales	\$ 1,356,784	\$ 1,352,395	-0.3%	\$ 881,245	\$ 919,766	4.4%	\$ 2,238,029	\$ 2,272,161	1.5%
Gross Profit	343,860	381,247	10.9%	163,407	190,509	16.6%	507,267	571,756	12.7%
Operating Profit							(11,225)	36,022	420.9%
Net Income							(37,528)	(2,549)	93.2%
Cash Flow from Operations							(38,387)	97,523	354.1%

Note: Fiscal 2006 is a 53 Week Year.

<u>GAAP Equivalent</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>% Chg</u>	<u>GAAP Equivalent</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>% Chg</u>
Merch Sales	1,854,408	1,876,290	1.2%	Merch Gross Profit	476,856	539,954	13.2%
Labor Sales	383,621	395,871	3.2%	Labor Gross Profit	30,411	31,802	4.6%
Total Sales	2,238,029	2,272,161	1.5%	Total Gross Profit	507,267	571,756	12.7%

Pep Boys - Laying the Foundation for Improvement



Pep Boys - Manny, Moe & Jack
(in thousands)

	Retail / Commercial			Service, Installed Parts, and Tires			Totals		
	Q1 2006	Q1 2007	% Chg	Q1 2006	Q1 2007	% Chg	Q1 2006	Q1 2007	% Chg
Sales	\$ 327,957	\$ 314,704	-4.0%	\$ 228,644	\$ 231,309	1.2%	\$ 556,601	\$ 546,013	-1.9%
Gross Profit	89,560	89,743	0.2%	49,318	52,049	5.5%	138,878	141,792	2.1%
Operating Profit							7,242	16,079	122.0%
Net Income							(703)	3,175	551.6%
Cash Flow from Operations							16,774	(7,807)	-146.5%

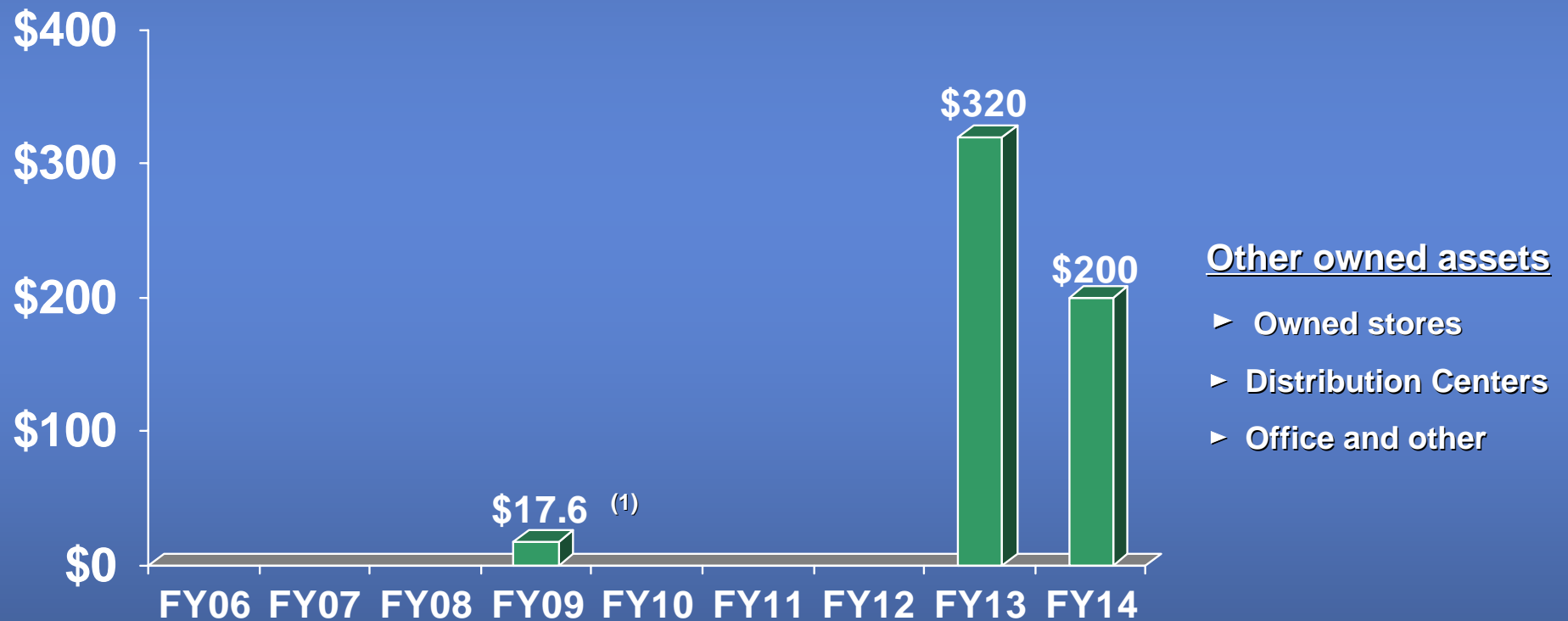
<i>GAAP Equivalent</i>	<i>Q1 2006</i>	<i>Q1 2007</i>	<i>% Chg</i>
<i>Merch Sales</i>	457,315	445,035	-2.7%
<i>Labor Sales</i>	99,286	100,978	1.7%
<i>Total Sales</i>	556,601	546,013	-1.9%

<i>GAAP Equivalent</i>	<i>Q1 2006</i>	<i>Q1 2007</i>	<i>% Chg</i>
<i>Merch Gross Profit</i>	127,767	129,725	1.5%
<i>Labor Gross Profit</i>	11,111	12,067	8.6%
<i>Total Gross Profit</i>	138,878	141,792	2.1%



Substantial Financial Flexibility

Debt Maturity Schedule



⁽¹⁾ Amount represents outstandings on the ABL Revolver as of February 3, 2007



Real Estate

- Building a campaign to reduce assets carried on the balance sheet
- Current properties owned, with an estimated value in excess of \$1BB
 - ▶ 323 retail stores
 - ▶ 2 distribution centers
 - ▶ office space
 - ▶ equity value in ground leases
- Completing a market by market, store by store review of operating performance, competitive position, asset value, future operating plan with the new CEO
- Expect to complete sales or sale/leasebacks on a substantial proportion of the properties in Q3 and Q4 of this year

Improving Efficiency/Reducing The Cost Structure



- A committed program of reducing expenses across the organization, beginning in Fall '06, continuing through 2008
- Targeting 400 BPS total cost reductions (\$90 - \$100MM) profit enhancement run rate by end 2008
- Key opportunities
 - ▶ Store Support Center staffing level reductions and process outsourcing
 - ▶ Rationalization of below scale commercial operations
 - ▶ Service parts pricing enhancements
 - ▶ Freight and logistics costs
 - ▶ Global sourcing to reduce product acquisition costs
- Cost reduction program runs independently from sales and margin initiatives, particularly restoring service center performance



Pep Boys Tactical Priorities

- Service /Tire Renewal
 - ▶ More prominence in marketing program
 - ▶ Staffing and training
 - ▶ Variable Pricing
 - ▶ Variable Compensation
 - ▶ Productivity and Efficiency
 - ▶ Operating Metrics and Drivers
- Retail
 - ▶ Accelerate focus on hard parts
 - ▶ Merchandising / Inventory productivity
 - ▶ Sales culture and customer experience



PBY - Responsive to Shareholders

Board of Directors Activities

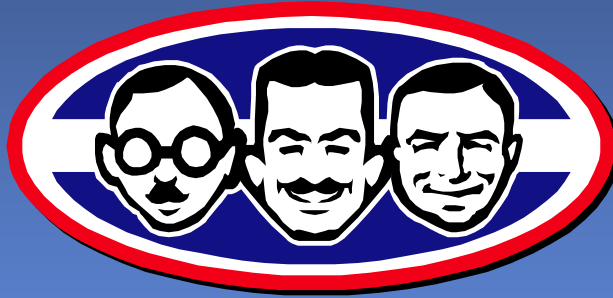
- Acknowledgement of recent results and need for change
- Reconstitution of Board members, inclusion of large shareholders, increased director share ownership
- CEO appointment
- Focused on performance for shareholders, repurchased over 5% of common shares
- Building the turnaround of a high potential company



PBY – Opportunity and Potential

Investment Opportunity

- 82 Years of Leadership in auto parts services and repair
- Unique national footprint of stores and repair bays
- Substantial tangible assets, including 323 owned stores
- Committed to deliver excellent value to customers and value to shareholders



Question & Answer